

Spherion Solutions Private Limited v. Additional Commissioner Adjudication CGST Delhi North and Others

Case number: W.P.(C) 3418/2026 with CM APPL. 16397/2026 and 16398/2026

Citation: 2026:DHC:7442-DB

Decision date: 3 September 2026

Blocked electronic credit, appeal pre-deposit and correction of a demand summary

Court: Delhi High Court

Bench: Hon'ble Mr. Justice Anil Kshetarpal and Hon'ble Ms. Justice Shail Jain

Decision stage: Final reasoned refusal to treat blocked credit as appeal pre-deposit, with conditional protection of access to a statutory appeal. Assessment merits and the validity of the Haryana blocking restrictions were expressly left open.

01 Facts of case and issues

An adjudication order dated 25 November 2025 confirmed disputed IGST of Rs. 33,32,568, interest and an equivalent penalty. The DRC-07 summary wrongly combined tax and penalty under the penalty head and identified the wrong financial year. The portal consequently demanded Rs. 6,66,514 as pre-deposit rather than Rs. 3,33,257. The authority corrected the summary during the writ proceedings.

Spherion also sought to use blocked credit for its appeal pre-deposit. An earlier DGGI block had been removed, but two Haryana-officer restrictions totalling Rs. 17,96,088 remained reflected in the ledger. That officer and the relevant State authority were not parties.

Pinpoint: Paragraphs 1–12, physical pp. 1–4; paragraph 23, p. 7.

02 Discussion by Hon'ble Court

Reading Section 107(6), Section 49(4) and Rule 86A together, the Court distinguished payment from a restriction on use. Blocking does not itself debit or appropriate credit towards a demand. Credit subject to an operative restriction cannot be used unless the competent authority removes or modifies that restriction.

The Haryana blocking orders and recorded reasons were absent. Another respondent's affidavit could not supply the restricting officer's statutory satisfaction. Nor did the blocked-credit ledger establish the current running balance actually available for debit.

The Court expressly left the wider controversy over ordinarily available credit undecided. Revenue did not dispute its use here, and Oasis Realty and Yasho Industries concerned available credit. The resulting permission was qualified: it covered amounts lawfully available and capable of debit, without validating the disputed restrictions or the underlying ITC demand.

Pinpoint: Paragraphs 24–38, physical pp. 7–12; particularly paragraphs 28–36, pp. 9–11.

03 Judicial decision and operative relief

The writ was disposed of. Rectification relief had become infructuous; the corrected DRC-07 had to be supplied within one week if not already furnished. Appropriation of blocked credit was refused, with liberty to seek unblocking or bring properly constituted proceedings.

Spherion received four weeks from judgment to appeal, subject to Section 107(6), without rejection on limitation. Lawfully available credit could be used. Officials had to assist electronic filing; manual filing was permitted if the portal still prevented a correctly completed, compliant appeal.

Recovery protection lasted four weeks. A timely appeal with the required payment attracted Section 107(7); otherwise protection ceased automatically. These were historical, conditional directions, not an indefinitely open appeal window. Assessment merits and blocking validity remained reserved.

Pinpoint: Paragraphs 39–44, physical pp. 12–14; operative paragraphs 42.1–42.6.

04 In favour of

Mixed: Revenue succeeded against the blocked-credit appropriation request; Spherion obtained conditional appeal access and temporary recovery protection. No finding finally established fraudulent ITC or upheld the Haryana restrictions.

The legal distinction between blocked credit and actual payment was finally applied. Individual tax liability, credit admissibility and the validity of the particular blocking orders were not adjudicated.

Pinpoint: Paragraphs 28–30, 37–39 and 42–43, physical pp. 9–14.

05 AKHB REVIEW POINT

AKHB analysis: Check the adjudication order against the DRC-07 tax, penalty and year fields before calculating pre-deposit. Keep portal errors, grievance receipts, filing attempts and correction dates.

Obtain both the running credit ledger and each blocking order, with recorded reasons, date and competent authority. A blocked balance is not a payment receipt. Join the authority controlling the restriction and protect appeal deadlines independently; do not assume unblocking, successful filing or continuing recovery protection.

Pinpoint: AKHB commentary based on paragraphs 6–12 and 28–43; not additional Court directions.

Sources and limitations

Relevant provisions

CGST Act 2017: Sections 49(4), 107(6), 107(7) and 161; CGST Rules 2017: Rules 86(2) and 86A(1)–(3); Forms GST DRC-07 and GST APL-01; CBIC Circular 172/04/2022-GST dated 6 July 2022 is cited in the petitioner's submissions.

Statutory note

The ratio concerns credit whose debit is presently restricted under Rule 86A. Paragraph 29 declines to determine the wider controversy over ordinarily available credit; paragraph 42.4 records the respondents' position when permitting lawfully available credit. Neither the cited authorities nor the circular should be presented as an independent holding here allowing every kind of pre-deposit or payment from credit.

CBIC Circular 172/04/2022-GST, questions 6–8, physical pp. 5–6, was checked directly: it distinguishes available credit for output tax from reverse-charge tax and non-tax liabilities. It does not itself authorise bypassing a Rule 86A restriction. India Code's CGST compilation was checked online on 13 October 2026 at physical pp. 51, 85–86 and 120 for Sections 49(4), 107(6)–(7) and 161. The separate penalty-only proviso to Section 107(6) is not the mixed tax-and-penalty dispute decided here. Rule 86A's one-year clause is reproduced in judgment paragraph 27's footnote; the particular successive restrictions were not adjudicated. Targeted statutory checks are not an exhaustive amendment or proceedings-specific limitation audit.

Treatment note

Checked 13 October 2026. The official Delhi High Court exact-case result for W.P.(C) 3418/2026 records DISPOSED and Next Date NA. Its returned list contains five entries dated 17 March, 23 March, 27 April, 17 August and 3 September 2026, with no later entry or corrigendum returned. The four earlier orders were not individually reviewed. A fresh official judgment download matches the retained original byte-for-byte.

Bounded searches used the exact company, writ number, decision date, neutral citation and appeal, review and stay terms, including Delhi High Court and Supreme Court domains. No direct later stay, reversal or review order affecting this judgment was verified. This is not comprehensive registry or citator clearance, nor verification that Spherion actually filed its statutory appeal, obtained unblocking or retained recovery protection.

The later 24 September 2026 Siya Seth/Spherion batch, W.P.(C) 14095/2026, 14124/2026 and 14141/2026, concerns a different common adjudication order dated 25 March 2026 and penalty proceedings. Targeted checks of its caption, prayers and disposal distinguish that case from this 25 November 2025 adjudication and W.P.(C) 3418/2026; it is not treated as an appellate modification of this judgment.

Scope of source review

All 14 physical pages of the official High Court judgment were fully read and individually visually inspected. Caption, body, footnotes, statutory extracts and every operative subparagraph were checked. Original bytes remain unchanged and match the fresh official download. Supplementary review is targeted: CBIC Circular 172/04/2022-GST pp. 5–6; India Code Sections 49(4), 107(6)–(7) and 161; and the distinct 24 September Siya Seth judgment pp. 1, 3 and 6–7. No full-primary review of every cited precedent, underlying adjudication, blocking order or appellate file is claimed.

Source notes

The neutral citation 2026:DHC:7442-DB is visible in the original page images and appears in the official case-order list. Reservation on 17 August 2026 is distinct from pronouncement and upload on 3 September 2026. Paragraph 10 records removal through the system on 1 December 2025 of the earlier 22 November 2024 restriction; this is not a ruling authorising extension beyond Rule 86A(3). The note does not resolve the validity or overlap of the later Haryana restrictions. The original's visible signature-status text is preserved; cryptographic signature authentication was not performed.

Primary source

Source description: Official Delhi High Court judgment

Official source: [Open source document](#)

Source pages: 14

Judgment author: Anil Kshetarpal, J.

Outcome type: final issues adjudication with conditional appeal directions

Additional source

Delhi High Court official case-number order search

Official source: [Open source document](#)

Pinpoint: W.P.(C) 3418/2026 exact party/status result and five order entries ending 3 September 2026, checked 13 October 2026.

CBIC Circular 172/04/2022-GST, 6 July 2022

Official source: [Open source document](#)

Pinpoint: Questions 6–8, physical pp. 5–6, on utilisation of credit and cash ledgers; targeted supplementary review.

India Code CGST Act compilation

Official source: [Open source document](#)

Pinpoint: Physical pp. 51, 85–86 and 120: Sections 49(4), 107(6)–(7) and 161, checked online 13 October 2026.

Delhi High Court, Siya Seth and connected Spherion petitions, 24 September 2026

Official source: [Open source document](#)

Pinpoint: Physical pp. 1, 3 and 6–7 checked only to distinguish the separate writs, 25 March 2026 common adjudication and penalty-dispute disposal.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official judgment and identified primary sources. No human legal review is claimed.

General disclaimer: For professional information only; not legal advice. Read the full judgment and applicable law, verify current appellate orders and obtain case-specific professional advice before acting.

©AKHB & Associates. This copyright notice applies to the original AKHB research note, analysis and presentation. It does not assert ownership of the judicial orders, judgments, legislation, circulars or other third-party source material. Rights in those sources remain with their respective rights holders, as applicable.

Source checked: 2026-10-13

Reserved date: 17 August 2026